

Minutes

of a meeting of the

Audit and Governance

Committee

held at 6.30pm on Wednesday 20 March 2013

at the Council Chamber, The Abbey House, Abingdon



Open to the public, including the press

Present:

Members: Councillors Simon Howell (Chairman), Mohinder Kainth (Vice-Chairman), Dudley Hoddinott, and Robert Sharp

Substitute member: Councillor Bob Johnston (in place of Councillor Judy Roberts)

Officers: Kate Arnold, Sandy Bayley, Steve Bishop, Steve Culliford, William Jacobs and Adrianna Partridge

External auditor: Anne Ockleston (Ernst & Young)

Number of members of the public: Nil

AG.54 Notification of substitutes and apologies for absence

Councillor Judy Roberts had sent her apologies for absence; Councillor Bob Johnston attended as her substitute. Councillors Julia Bricknell and Andrew Crawford had also sent their apologies, as well as Maria Grindley from Ernst & Young, the council's external auditors.

AG.55 Minutes

RESOLVED: to adopt as a correct record the minutes of the committee meeting held on 30 January 2013 and agree that the chairman signs them.

AG.56 Declarations of interest

None

AG.57 Urgent business and chairman's announcements

None

AG.58 Statements, petitions, and questions from the public relating to matters affecting the Audit and Governance Committee

None

AG.59 Business continuity and risk management update

The committee considered the report from the head of HR, IT, and customer services. This updated councillors on the council's business continuity and risk management arrangements.

The committee noted that the council regularly reviewed its arrangements and had introduced a testing programme. In answer to questions from councillors, the officers reported that for all of the major contracts the council required the contractor to manage risks and have business continuity arrangements in place. Examples were given of arrangements in place for the waste and recycling contract, the leisure management contracts, and the financial services contract. Internal audit also looked for such arrangements as part of their audits. The officers agreed to check that these arrangements were in place for new or extended contracts.

The committee noted that draft strategies for risk management and business continuity would be considered at the next meeting.

RESOLVED: to

- (a) note the existing business continuity and risk management arrangements and the additional work undertaken since the last update in January 2012; and
- (b) ensure that business continuity and risk management arrangements are in place for all of the council's major contracts when they are re-let or extended.

AG.60 Internal audit activity report - fourth quarter 2013/14

The committee considered the audit manager's report that summarised the outcome of recent internal audit activity. Of the audits referred to in the report, one had received a full assurance rating from internal audit, three had received satisfactory assurance, and one had received limited assurance. The report also referred to two follow-up audits, both of which had received satisfactory assurance.

One councillor asked a question relating to the audit of the council's mobile home parks, which contained several recommendations on staff training. In response, the officers agreed to find out whether the training was in hand and advise the councillor outside of the meeting.

The committee then discussed the audit report on Wantage Civic Hall 2012/13. This had received limited assurance from internal audit, resulting in several recommendations. The service manager had agreed to each recommendation. In answer to questions from committee members, the auditor reported that the recommendations related to a tightening of procedures and a follow-up audit would take place in 2013/14. The committee welcomed this, noting that better practices would be introduced to reconcile transactions, in future hirers would not be allowed to run the bar, and each hirer must have a

responsible person present and in charge for each booking. The committee also noted that the Civic Hall would also adopt the corporate comments and complaints procedure. The officers agreed to provide details of how that the council's insurance officer advised the Civic Hall staff of the insurance arrangements in place and to consider if this needs to be enhanced in any way.

The committee also noted appendix 2 to the report, which set out the weaknesses that internal audit had identified as systemic within the council. The audit manager kept these under review.

RESOLVED: to

- (a) note the report;
- (b) advise the Councillor Johnston whether the internal audit recommendation to train staff at the council's mobile home parks was in hand; and
- (c) ask officers to report on the ways in which the council's insurance officer advises the Civic Hall staff of the insurance arrangements in place and to consider if such communications should be enhanced in any way.

AG.61 Internal audit management report - fourth quarter 2013/14

The committee considered the audit manager's report on internal audit management in the fourth quarter of 2012/13, being January to March 2013. This looked at management issues within internal audit and progress against the 2012/13 audit plan. At the end of March only two low priority audits would be outstanding, both of which should be completed by mid-April. The committee thanked internal audit for its work on the 2012/13 audit plan.

The committee noted that the audit manager would be absent on maternity leave and a temporary replacement would be sought to cover this.

RESOLVED: to note the report.

AG.62 Internal audit plan 2013/14

The committee considered the audit manager's report that recommended adoption of the audit plan for 2013/14. The committee noted that the audit plan enabled the audit manager to form an opinion on the adequacy of the council's internal controls and allowed internal audit to plan its work throughout the year. The audit manager compiled the draft audit plan after assessing risks for each service, consulting managers, and allocating higher priority audits in accordance with the resources available.

The committee welcomed the audit plan but sought further information on the impact of offering auditing services to parish councils. The audit manager advised that for the forthcoming year at least, the number of parish audits was limited to three to allow internal audit to concentrate on its core responsibility: auditing the district council's services.

RESOLVED (unanimously by vote): to approve the internal audit annual plan 2013/14.

AG.63 External audit plan 2012/13

The committee considered the audit plan from Ernst & Young, the council's external auditors. The plan set out how the external auditor would audit the council's activities for the financial year 2012/13. The plan summarised the auditor's assessment of the council's key risks, and outlined the external auditor's planned audit strategy in response to those risks.

The committee noted that the fees set out in appendix A were indicative and would increase if the auditor needed to carry out any unexpected investigatory work. The auditor reported that additional work would be required to audit the council's new asset management register and its proposed restatement of historical gross book value and depreciation of its fixed assets.

RESOLVED: to

- (a) welcome the external auditor's plan to audit the council's activities in 2012/13; and
- (b) note the external auditor's indicative fee for this work and the likelihood of additional fees for work to audit the council's new asset management register and the proposed restatement of historical gross book value and depreciation of fixed assets.

AG.64 Actions arising

The committee considered the strategic director's report on actions arising from previous committee meetings and updated the schedule.

RESOLVED: to update the actions arising schedule as follows:

(a) Comments on internal audit reports not presented to committee – National non-domestic rates	Committee Date – 21 March 2012
The committee requested that when further details of the government's changes to the national non-domestic rates system became available, Cabinet, Council and this committee should be informed.	
Comment Details of the how the new localisation of business rates system will work and its financial implications were given in the 2013/14 budget setting report as considered by Cabinet (8 February 2013), Scrutiny Committee (14 February 2013) and Council (20 February 2013).	Action Remove from actions arising list.
(b) Internal audit activity report – quarter 2 2012/13	Committee Date – 26 September 2012
The committee asked the audit manager to follow up the need to reconcile weighbridge data for the amount of recycled waste collected.	
Comment The waste team have completed a reconciliation spot check of Q1 2012/13, and	Action Retain on actions arising list.

are aware that they need to complete further spot checks. Internal audit will continue to monitor progress against this recommendation.	
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(c) Internal audit activity report – quarter 2 2012/13	Committee Date – 26 September 2012
The committee asked the strategic director to review the process to record data once and pass it on to services when new homes are built and occupied.	
Comment The council has a single website page to capture information needed to update the council's records and this has been revised recently.	Action Remove from actions arising list.

(d) Comments on internal audit reports not presented to committee	Committee Date – 26 September 2012
The committee asked the officers to seek legal advice on whether certain post holders can be required to undertake a Criminal Records Bureau check.	
Comment The Head of Legal and Democratic Services has concluded that the roles of the internal audit and benefit fraud teams do not justify Disclosure and Barring Services (formerly Criminal Records Bureau) checks. They do not work with children or vulnerable adults so would not be eligible for an enhanced check. They do not fall within any of the categories or professions listed in the guidance for standard checks. The council cannot overcome any restrictions by obtaining an applicant's/employee's consent. The guidance is quite clear that the council is legally responsible for ensuring that it is entitled to ask a person to reveal their conviction history.	Action Remove from actions arising list.

AG.65 Audit and governance work programme

The committee updated its work programme.

RESOLVED: to update the committee's work programme to include the external auditor's progress report in June and the informal question and answer session for members on the draft statement of accounts.

AG.66 Training

The chairman sought the committee's views on training in the forthcoming year. The committee welcomed training, especially on the more technical aspects of its role, as this was often perceived as a barrier to councillors wishing to become a committee member.

The committee asked for a training needs assessment, particularly for the newer committee members, and agreed to hold the next training session in June. The committee

also considered that the new councillor induction programme in 2015 should include training on the audit and governance role.

RESOLVED: to

- (a) undertake a training needs assessment for committee members;
- (b) organise a training session on the internal audit role on 6 June 2013; and
- (c) ensure that the 2015 new councillor induction programme includes training on the audit and governance role.

Exempt information under section 100A(4) of the Local Government Act 1972

None

The meeting closed at 7.30 pm